

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11

HA-05 IO-13 OMB-01 EB-08 TRSE-00 ACDA-12 AID-05

COME-00 FRB-03 XMB-02 STR-07 /124 W

-----062225 262143Z /17

R 261817Z APR 78

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6417

INFO AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

C O N F I D E N T I A L SECTION 1 OF 2 MANAGUA 1945

E.O. 11652: GDS

TAGS: SHUM, PINT, PINS, NU

SUBJECT: MEETING WITH PRESIDENT SOMOZA: APRIL 22

REF: (A) MANAGUA 1551; (B) MANAGUA 1383

SUMMARY: AMB MET WITH PRESIDENT SOMOZA ON APRIL 22. SOMOZA COMPLAINED OF AN ALLEGED "ECONOMIC BOYCOTT" DIRECTED AGAINST THE GON BY THE US AND VENEZUELAN FINANCIAL SUPPORT TO THE SANDINISTAS. THIS MIGHT REQUIRE, HE SAID, THE INVOCATION OF THE MUTUAL DEFENSE PACT. SOMOZA REITERATED PREVIOUS CLAIMS THAT HE WANTS TO RETIRE FROM POWER AFTER DEMOCRATIZING NICARAGUA BUT THAT LACK OF COOPERATION OF THE OPPOSITION SLOWED PROGRESS IN THIS DIRECTION. SOMOZA ASKED FOR A REPLY TO HIS FEBRUARY NOTE CONCERNING REPORTED USG ATTITUDES ON HIS POSSIBLE OVERTHROW (REFTEL B) AND CLARIFICATION OF USG POLICY ON INTERNATIONAL LOANS TO NICARAGUA. THE AMB EXPECTS TO BE CALLED TO MEET WITH SOMOZA WITHIN A WEEK. END SUMMARY.

1. THE AMB MET WITH PRESIDENT SOMOZA AT THE LATTER'S REQUEST FOR ONE
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HOUR ON SATURDAY. SOMOZA COMPLAINED OF AN ECONOMIC BOYCOTT OF NICARAGUA PRACTICED BY THE USG. SOMOZA SAID THAT, IN ONE CASE, TO OBTAIN A BANK LOAN, A NICARAGUAN REPRESENTATIVE VISITED 63 BANKS. HE ALLEGED THAT THE U.S. DIRECTOR OF THE INTER-AMERICAN DEVELOPMENT BANK (IDB) WAS NOT SIMPLY VOTING AGAINST LOANS TO NICARAGUA, BUT WAS, IN FACT, "BOYCOTTING" NICARAGUAN PROJECTS. SOMOZA ALLEGED THAT THIS OFFICIAL WAS MAKING EVERY EFFORT TO PLACE BUREAUCRATIC IMPEDIMENTS

IN THEIR PATH TO PREVENT THEIR RELAIIZATION.

2. SOMOZA ADVISED AMB THAT, IF SUCH POLICIES CONTINUED, A CONFRONTATION BETWEEN THE GON AND THE USG MIGHT BE UNAVOIDABLE. SOMOZA ADDED THAT THIS WOULD HAPPEN TO PREVENT THE "FINANCIAL DISINTEGRATION (AHOGO FINANCIERO) OF NICARAGUA.

3. THE AMB ASKED SOMOZA HOW CURRENT HIS INFORMATION WAS. HE SUGGESTED THAT SOMOZA WAS POSSIBLY REFERRING TO PAST POLICIES IN MULTILATERAL AGENCIES. HE TOLD SOMOZA THAT HE WAS UNAWARE OF SUCH OCCURENCES AS APPEAR IN PARA 1. HE TOLD SOMOZA THAT, IN FACT, A NUTRITION LOAN HAD JUST BEEN APPROVED. SOMOZA APPEARED TO BE AWARE OF THIS. THE AMB EXPRESSED HIS RESERVATIONS ABOUT THE PROPOSED EDUCATION LOAN AND TOLD SOMOZA THAT HE DID NOT KNOW IF IT WOULD BE APPROVED IN ITS PRESENT FORM.

4. THE AMB SAID THAT ONE OBSTACLE TO THE APPROVAL OF NICARAGUAN LOANS WAS THE FEELING IN THE INTERNATIONAL BANKING COMMUNITY THAT THE GON HAD OVEREXTENDED ITSELF. THE AMB STATED THAT HE HAD RECEIVED WORD FROM FOREIGN BANKS THAT THEY WERE CONCERNED ABOUT GON PRACTICES, SUCH AS THE NUMBER OF GON OFFICIALS SKIMMING OFF LARGE PORTIONS OF NEW LOANS. SOMOZA THANKED THE AMB FOR HIS FRANKNESS AND NOTED THAT HE WAS AWARE OF SUCH PROBLEMS.

5. SOMOZA EXPRESSED HIS DISAPPOINTMENT THAT ACTIONS EASING PRESSURE ON THE GON CAME ONLY THROUGH CONGRESS AND SUCH FREINDS OF NICARAGUA
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AS CONGRESSMAN WILSON. HE SAID THAT THE DEPARTMENT SHOULD REALIZE THAT HE IS DOING EVERYTHING POSSIBLE TO DEMOCRATIZE NICARAGUA. SOMOZA SAID HE IS NEGOTIATING WITH THE USG ON HUMAN RIGHTS POLICY AND THAT NOWHERE IN THE WESTERN HEMISPHERE ARE U.S. AMBASSADORS' SUGGESTIONS AS WELL CONSIDERED AS IN NICARAGUA. NOW, HE SAID, HIS FOLLOWERS ARE ASKING THE PURPOSE OF SUCH "FLEXIBILITY". SOMOZA SAID THAT THE "BATTLE" SHOULD NOT BE FOUGHT IN THE U.S. CONGRESS AND THE USG SHOULD NOT BE AFRAID TO SUPPORT HIM AND SHOW FAITH IN HIS GOOD INTENTIONS AND ACTIONS. THE USG SHOULD STOP ENCOURAGING THE OPPOSITION TO OVERTHROW THE SOMOZA REGIME AND, INSTEAD, ENCOURAGE DIALOG AND A PEACEFUL SOLUTION BY SUPPORTING THE GON. AMB TOLD HIM THAT THE USG WISHED TO ENCOURAGE A DEMOCRATIC PEACEFUL EVOLUTION IN NICARAGUA AND THAT HE WAS AT TIMES FRUSTRATED BY THE SLOWNESS OF THE MOVE IN THIS DIRECTION.

6. SOMOZA WENT ON TO STATE THAT THE POLITICAL SITUATION IS NO LONGER BEING COMPLETELY DIRECTED BY THE OPPOSTION. HE SAID THAT MARXIST REVOLUTIONAIRES ARE SEEKING TO DESTROY THE TRADITIONAL POLITICAL FORCES AND ARE LOOKING FOR AN EXCUSE TO START A BLOODBATH. THE USG WILL BE RESPONSIBLE IF THIS HAPPEND. SOMOZA ALSO EXPRESSED CONCERN THAT THE VENEZUELAN GOVERNMENT GAVE MONEY TO THE SANDINISTAS. HE FEARED THAT THE MONEY WOULD BE USED TO ACQUIRE ARMS, LEADING TO A

CIVIL WARE WITH THE VICTIM BEING THE DEMOCRATIC SOLUTION WHICH HE IS SEEKING.

7. SOMOZA RECALLED THE AMB'S MENTION OF THE POSSIBILITY OF SOMOZA RESIGNING THE POST OF CHIEF DIRECTOR OF THE NATIONAL GUARD (GN) AND PROMULGATING ELECTORAL REFORMS ACCEPTABLE TO THE OPPOSITION (REFTEL A). SOMOZA REALIZED THE UNDEMOCRATIC IMPLICATIONS OF BEING PRESIDENT AND CHIEF DIRECTOR OF THE GN, BUT FELT THAT THE APPOINTMENT OF A NEW GN CHIEF DIRECTOR WOULD LEAD TO ASSERTIONS FROM THE OPPOSITION THAT THE APPOINTEE HAD NO INFLUENCE IN THE GN AND HE (SOMOZA) WAS MAKING A MEANINGLESS GESTURE.

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8. THE AMB SAID HE RECOGNIZED THE PROBLEMS OF TIMING AS WELL AS THE CHANGING, ESCALATING DEMANDS BEING MADE BY THE OPPOSITION; HOWEVER, CHANGES WERE NEEDED IF ANY DEMOCRATIC EVOLUTION WAS TO OCCUR. SOMOZA AGREED AND ASSURED THE AMB THAT HE WOULD REFORM BASIC INSTITUTIONS AND RELINQUISH POWER. HOWEVER, HE SAID, NO ACTION COULD BE TAKEN UNTIL HE AND THE OPPOSITION AGREED UPON THE NEW "RULES OF THE GAME." SOMOZA SAID THE PROBLEM WAS THAT NICARAGUANS WERE NOT AMERICANS AND THE LACK OF DEMOCRATIC EXPERIENCE MADE A PEACEFUL TRANSITION DIFFICULT.

9. SOMOZA REPEATED HIS CONCERNS OVER A POSSIBLE "BLOODBATH" AS A RESULT OF THE VENEZUELAN FINANCIAL "INTERVENTION" AND USG "NEUTRALITY".

HE SAID THAT INVOCATION OF THE MUTUAL DEFENSE PACT MIGHT BE

NECESSARY TO CONTROL THE VIOLENCE THAT WOULD RESULT IF THE USG DIDN'T BEGIN TO PUBLICLY SPPORT THE GON SO THAT SOMOZA'S REFORMS COULD GATHER MOMENTUM.

10. SOMOZA THEN STATED THAT THE LACK OF RESPONSE TO HIS FEBRUARY
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NOTE ON PRESS REPORTS OF A USG DESIRE TO OVERTHROW HIM (REFTEL B) WAS AN INSULT AND THAT HE EXPECTED A SPEEDY REPLY. HE ALSO REQUESTED CLARIFICATION OF USG POLICY REGARDING INTERNATIONAL FINANCIAL INSTITUTIONS - SPECIFICALLY THE IDB.

11. SOMOZA URGED AMB TO SPEAK TO THE OPPOSITION TO ASSURE THEM THAT THERE WOULD BE NO USG INTERVENTION AND THAT SOMOZA IS COMMITTED TO DEMOCRACY. THE AMB SHOULD TELL THE OPPOSITION THAT HE BELIEVES SOMOZA. THIS WOULD FURTHER DIALOGUE.

12. THE AMB SAID THAT THE USG ALSO WAS CONCERNED OVER THE POSSIBILITY OF VIOLENCE AND THAT WERE WERE FRUSTRATED AT THE SLOW PROGRESS BEING MADE TOWARD DEMOCRACY. THE AMB REITERATED HIS INSTRUCTIONS, STATING THAT USG POLICY WAS TO ENCOURAGE DEMOCRATIC EVOLUTION BUT NOT TO SPONSOR NOR GUARANTEE ANY FACTION OR SOLUTION. THE AMB STATED THAT THE CURRENT IMPASSE STEMMED LARGELY FROM THE LACK OF CREDIBILITY WHICH PREVENTED COMMUNICATION BETWEEN THE GON AND THE OPPOSITON.

13. COMMENT: CMOZA APPEARS TO FEEL INTERNALLY ISOLATED AND HOPEFUL THAT THE USG WILL COME AROUND TO SUPPRT HIS INITIATIVES. EMB FEELS SOMOOZA'S APPOINTMENT OF NEW CHIEF DIRECTOR OF GON WOULD BE ONLY SUMBOLIC GESTURE AND WOULD BE SEEN AS SUCH BY OPPOSTION. HOWEVER, IN CURRENT SITUATION SUCH A GESTURE MIGHT BE OF SOME VALUE IN RE-NEWING DIALOGUE. SOMOZA'S ANALYSIS IN PARA 8 OF NICARAGU'S CURRENT DIFFICULTIES COINCIDES WITH EMB VIEW THAT LACK OF VIABLE DEMOCRATIC TRADITIONS AND INSTITUTIONS IS IMPEDING PROGRESS TOWARD DEMOCRATICATION. END COMMENT.

14. ACTION REQUESTED: PLEASE ADVISE EMBASSY HOW TO RESPOND TO SOMOZA'S COMPLAINT REGARDING THE UNANSWERED DIPLOMATIC NOTE AND FURNISH GUIDANCE TO RESPOND TO SOMOZA'S REQUEST FOR INTO ON U.S. POLICY IN IFIS. END ACTION REQUEST.

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Message Attributes

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